

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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AMCONSUL BELFAST

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E.O. 11652: N/A

TAGS: PINT, ELAB, UK

SUBJECT: MINI-STORM ERUPTS OVER FORD OFFER TO REOPEN
WAGE AGREEMENT AS PARTIES AND UNIONS CLASH OVER ITS
EFFECT ON THE SOCIAL CONTRACT

REF LONDON 12330

1. BEGIN SUMMARY: A CONTROVERSY SURROUNDING A FORD OFFER
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TO ITS WORK FORCE IN THE UK (ABOUT 53,000), INCLUDING

STRIKING EMPLOYEES AT ITS HALEWOOD AND DAGENHAM PLANTS, TO REOPEN WAGE NEGOTIATIONS HAS ESCALATED TO THE LEVEL OF THE POLITICAL ZONE, AS SECRETARY OF STATE FOR EMPLOYMENT MICHAEL FOOT TRADED BLOWS WITH CONSERVATIVE SHADOW SECRETARY FOR EMPLOYMENT JAMES PRIOR ABOUT ITS RELEVANCE TO THE SOCIAL CONTRACT. IN THE MEANWHILE, TO THE SURPRISE OF THE FORD MANAGEMENT AND TO UNION NEGOTIATORS, THE WORKERS ACTUALLY ON STRIKE ARE BALKING AT ACCEPTING THE REOPENING OFFER FOR FEAR THEIR SPECIFIC CLAIMS WILL BE LOST IN THE SHUFFLE. TUC LEADERS LEN MURRAY AND JACK JONES ARE OBVIOUSLY EMBARRASSED BY THE UPROAR OVER THE FORD OFFER, AND JONES IS EXHORTING THE STRIKING WORKERS TO RETURN TO THEIR JOBS. END SUMMARY

2. THE FORD MANAGEMENT HAD AGREED TO REOPEN WAGE NEGOTIATIONS ONLY FIVE MONTHS AFTER IT HAD AGREED TO A WAGE INCREASE FOR ITS WORKERS. THE WAGE INCREASE WAS NEGOTIATED DURING STAGE THREE, BUT THE SOCIAL CONTRACT PRE-SUPPOSES TWELVE MONTH INTERVALS BETWEEN INCREASES. THIS WAS IMMEDIATELY SEIZED UPON BY CONSERVATIVE LEADER JAMES PRIOR WHO CHARGED THAT THE AGREEMENT TO REOPEN WAS A NEGATION OF THE SOCIAL CONTRACT. PRIOR'S CHARGE WAS STRENUOUSLY REBUTTED BY UNION LEADERS, INCLUDING LEN MURRAY, TUC GENERAL SECRETARY, AND JACK JONES, HEAD OF THE TRANSPORT AND GENERAL WORKERS UNION, WHICH ORGANIZES MANY OF THE FORD WORKERS INVOLVED.

3. SECRETARY OF STATE FOR EMPLOYMENT MICHAEL FOOT DECLARED THAT THE CONSERVATIVES WERE ENGAGING IN "CLUMSY AND FOOLISH INTERVENTIONS" WHICH COULD ONLY DAMAGE HOPES FOR A SETTLEMENT OF THE DISPUTE. HE DENIED THAT THE OFFER WAS A BREACH OF THE CONTRACT. SIMILAR STATEMENTS WERE MADE BY JACK JONES AND LEN MURRAY. THE TUC GENERAL SECRETARY MURRAY CHARGED THAT THE POLITICIANS WERE EXPLOITING THE FORD DISPUTE. HE SAID THAT THE "TUC TEAM IN THE FIELD WILL BE DOING ITS BEST ON THE SOCIAL CONTRACT -- AND IT WILL BE A GOOD BEST ... IT'S NO HELP IF THE BOVVER (HOOLIGANS) BOYS IN THE POSH SEATS ARE SNARLING FROM THE KICK-OFF AND THE PRESS BOX TAKES UP THE CHANT." AND HE EMPHASIZED THAT THE UNIONS CONCERNED LIMITED OFFICIAL USE

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WERE DOING THEIR BEST TO SETTLE THE COMPLICATED DISPUTE.

4. THE FORD SITUATION IS IN FACT A COMPLEX ONE, AND IT IS NOT YET CLEAR THAT THERE IS A SOLID BREAK OF THE SOCIAL CONTRACT. FORD (ALSO VAUXHALL) WORKERS HAD AGREED TO A STAGE THREE WAGE INCREASE, BUT THIS WAS SURPASSED BY INCREASES FOR CHRYSLER AND BRITISH LEYLAND WORKERS DURING THE WANING DAYS OF THE STATUTORY INCOMES

POLICIES. ONE OF THE UNDERLYING PROBLEMS IN THE AUTO-MOBILE INDUSTRY AND A SOURCE OF CONTINUOUS WORKER UNREST HAS BEEN THE PROBLEM OF PARITY BETWEEN WORKERS IN DIFFERENT COMPANIES AND SOMETIMES IN DIFFERENT PLANTS AT THE SAME TIME. CHRYSLER HAD BEEN MOVING TOWARD PARITY WITHIN ITS SYSTEM, AND THIS ADDED TO PRESSURES AT FORD. THE FORD MOVE TO REOPEN NEGOTIATIONS, ALTHOUGH DESIGNED IN THE SHORT RUN TO END THE STRIKE AND TO PAVE WAY FOR A SETTLEMENT WITH THE TOTALITY OF FORD WORKERS, WOULD HAVE ALSO DEALT SIGNIFICANTLY WITH THE PARITY ISSUE. (IN THE EVENT, THE HALE-WOOD AND DAGENHAM WORKERS, WHO ARE PRESS-SHOP WORKERS, ARE REMAINING ON STRIKE BECAUSE THEY WANT ASSURANCES FOR THE COMPANY WHICH WILL SATISFY THEIR SPECIAL CLAIMS. THEY FEAR THAT OTHERWISE THEY MAY GET LOST IN THE SQFFLE OF A GENERALIZED WAGE AGREEMENT AT FORD).

5. COMMENT: FORD COMPANY HAS ALSO BEEN CRITICIZED FOR BREAKING THE SOCIAL CONTRACT, BUT THE COMPANY HAS REPLIED THAT IT WAS NOT PARTY TO ANY SUCH ARRANGEMENT. THE UNIONS HAVE ARGUED THAT IN THE FORD CASE, THE IMPORTANT ELEMENT IS TO KEEP WAGES IN LINE WITH THE COST OF LIVING, AND THAT THIS IS A REALLY VITAL ELEMENT OF THE SOCIAL CONTRACT. THE POLITICAL PARTIES AND THE PRESS HAVE VARIOUSLY DEFENDED AND ATTACKED THE AGREEMENT IN RELATION TO ITS VIABILITY TO THE SOCIAL CONTRACT. BUT THE WHOLE EXERCISE DRAMATICALLY DEMONSTRATES -- AND MUCH EARLIER THAN THE TRADE UNIONS OR THE LABOR PARTY WOULD HAVE LIKED -- HOW DIFFICULT AND PERILOUS IT IS TO ORCHESTRATE A VOLUNTARY WAGE RESTRAINT SYSTEM.
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